

8229

RECORDATION NO. Filed & Recorded

MAR 2 1976 -1 52 PM

INTERSTATE COMMERCE COMMISSION

D E E D O F T R U S T A N D M O R T G A G E

BETWEEN

MACYOUNG LEASING LTD.

AND

NATIONAL TRUST COMPANY, LIMITED

Bearing formal date of December 31, 1975

DEED OF TRUST AND MORTGAGE

BETWEEN

MACYOUNG LEASING LTD.

AND

NATIONAL TRUST COMPANY, LIMITED

Bearing formal date of December 31, 1975

THIS INDENTURE executed at the City of Montreal in the Province of Quebec bearing formal date of December 31, 1975.

BETWEEN:

MACYOUNG LEASING LTD., a body corporate duly incorporated under the laws of Canada, having its head office at the City of Montreal, in the Province of Quebec (hereinafter called the "Company"),

OF THE FIRST PART

AND:

NATIONAL TRUST COMPANY, LIMITED, a body corporate duly incorporated under the laws of the Province of Ontario, having its head office at the City of Toronto, Province of Ontario, and a place of business in the City of Montreal, Province of Quebec (hereinafter called the "Trustee"),

OF THE SECOND PART

WHEREAS the Company is desirous of creating and issuing its Notes to be constituted and secured in the manner hereinafter appearing; and

WHEREAS

- 2 -

WHEREAS the Company under its Charter and under the laws relating thereto is duly authorized to create and issue the said Notes as hereinafter provided and to secure the same by this Trust Deed of Hypothec, Mortgage and Pledge; and

WHEREAS all things necessary have been done and performed to make the said Notes, when certified by the Trustee and issued as in this Deed provided, valid, binding and legal obligations of the Company and to constitute this Deed a valid security for the payment of the principal of, and interest on all said Notes issued hereunder; and

WHEREAS the creation and execution of this Deed and the creation, execution and issue of said Notes subject to the terms hereof have in all respects been duly authorized; and

WHEREAS contemporaneously with the signing hereof, the Company has signed and executed a Trust Deed of Hypothec, Mortgage and Pledge in substantially the same form and to the same effect as this Deed of Trust and Mortgage, both of said Deeds to constitute and be read as one instrument.

WHEREAS this Deed is being executed in English and notarial forms.

NOW, THEREFORE, THE PARTIES HERETO have agreed with each other as follows:-

ARTICLE I

INTERPRETATION

Section 1. The following words and phrases, wherever used in this Deed, shall, unless there be something in the context inconsistent therewith, have the following meanings:-

Section 1.01. "This Trust Deed", "this Deed", "there presents", this indenture", "herein", "hereby", "hereunder", and similar expressions refer to this Deed of Trust and Mortgage and the said Trust Deed of Hypothec, Mortgage and Pledge, and include any and every deed of mortgage, charge, assignment, transfer, hypothec, pledge or other instrument of charge which is supplementary or ancillary hereto or in implement hereof, and "lien hereof", "lien hereunder", "lien or charge hereof", "charge hereof", and similar expressions mean the security constituted hereby or thereby or by any such instrument.

Section 1.02. "Company" means the Party hereto of the First Part.

Section 1.03. "Directors" means the Board of Directors of the Company for the time being, and reference without more to action by the Directors shall mean action by the Directors as a Board or by any authorized committee thereof.

Section 1.04. "Equipment" means the flat cars described in Schedule "B" hereto and shall mean the remaining units of Equipment in the event any unit of Equipment has suffered an Event of Loss (as defined in the Lease Agreement) and has not been replaced in accordance with the provisions of Section 6.16 of the Lease Agreement.

Section 1.05. "Lease Agreement" means the Lease Agreement described in Schedule "B" hereto.

Section 1.06. "Mortgaged Property" means and includes all property, rights and assets and rights in property and assets subjected or intended to be subjected to the charges hereby created and described in Schedule "B" hereto.

Section 1.07. "Note" or "Notes" means any Note or all the Notes of the Company, as the case may be, issued and certified hereunder and entitled to the benefit of the security hereof and for the time being outstanding.

Section 1.08. "Noteholders" or "holders" means the several persons for the time being entered in the register herein mentioned as holders of the Notes. "Noteholders' Instrument" means a document signed in one or more counterparts by the holder or holders of not less than seventy-five per cent (75%) in principal amount of the Notes outstanding for the time being, requesting the Trustee to take some act, action or proceeding specified therein.

Section 1.09. "Rentals" means that term as defined in the Lease Agreement.

Section 1.10.

Section 1.10. "Trustee" means the Party of the Second Part or its successors in the trust hereby created.

Section 1.11. Words importing the singular number only shall include the plural and vice versa, and words importing the masculine gender shall include the feminine gender, and words importing persons shall include firms, associations and corporations and vice versa.

ARTICLE II

ISSUE AND FORM AND TERMS OF NOTES

Section 2.01. The Notes authorized to be issued from time to time under this Deed and outstanding at any one time are not limited as to aggregate principal amount. Each series, with the exception of the Demand Notes authorized for immediate issue and concerning which special provisions are contained in this Deed, shall, in the discretion of the Company but subject to the provisions of this Deed, bear such date or dates, and mature on such date or dates, bear interest at such rate or rates and may be made redeemable before maturity in such manner, with or without payment of a premium, and be entitled to the benefit of such sinking fund or sinking funds, if any, and contain or be subject to such provisions, if any, for the exchange of Notes of different denominations, numbering, designation, place or places of payment and such other provisions as may be deemed necessary or expedient and as may be determined by resolution of the Directors adopted at or prior to the time of issue thereof. The Notes of each series shall be payable in such currency or currencies and at such rate or rates of exchange, if any, as the Directors may, in respect of any such series, determine and as shall be expressed in the Notes of such series.

Section 2.02. All Notes of any particular series shall respectively be alike in all respects except that they may be of different denominations and of different maturities, may bear interest at different rates, may be entitled to the benefit of different sinking funds, if any, may be redeemable prior to maturity at different redemption prices and

shall

shall consist of fully registered Notes, and may contain such variations of tenor and effect as are incidental to such differences of form and denomination, including variations in the forms and denominations and in the provisions for the registration and transfer of Notes.

Section 2.03. The text of the Notes and of the certificate of the Trustee to be endorsed upon such Notes shall (except in respect of the Demand Notes) be such as the Directors shall, at the time of the first issue of any Notes of any series, determine to be necessary or advisable, the whole, however, subject to the provisions of this Trust Deed and as shall be approved by the Trustee.

Section 2.04. All Notes issued hereunder shall be under the seal of the Company, and shall be signed by any two officers or Directors of the Company acting together or any officer acting with any Director of the Company.

Section 2.05. When any of the Notes are to be issued hereunder, the Company shall, without unreasonable delay, cause to be prepared, executed and delivered to the Trustee definitive Notes which may be typewritten, lithographed, printed or engraved.

Section 2.06. All the Notes may from time to time after the execution of this Deed be issued by the Company and be certified by or on behalf of the Trustee and shall be delivered by the Trustee to or to the order of the Company from time to time upon receipt by the Trustee of an order or orders in writing signed by any two officers or Directors of the Company acting together or any officer acting with any Director of the Company.

Section 2.07. No Note shall be issued, or if issued, shall be obligatory or shall entitle the holder to the benefit of the security of these presents or the benefit of the trusts hereunder until it has been certified by or on behalf of the Trustee, and such certification by the Trustee upon any such Notes shall be conclusive evidence that the Notes so certified have been duly issued hereunder and that the holder thereof is entitled to the benefit of the security and trusts under these presents.

- 6 -

The certificate of the Trustee signed on the Notes issued hereunder shall not be construed as a representation or warranty by the Trustee as to the validity or security of this Deed or of said Notes and the said Trustee shall in no respect be liable or answerable for the use made of said Notes or any of them or the proceeds thereof.

Section 2.08. The Notes may be issued in such amounts to such persons for such consideration and on such terms as the Directors may determine, and all the Notes issued in pursuance of this Deed shall rank pari passu and be secured equally and rateably hereby. No Notes which shall have matured or been retired or otherwise acquired by the Company in any manner shall be re-issued, and no Notes shall be issued in substitution therefor.

Section 2.09. The Company shall at all times, while any of the Notes issued hereunder are outstanding, cause to be kept by the Trustee, at its principal office in the City of Montreal, a register in which shall be entered the names and addresses of the holder or holders of Notes. No transfer of a Note shall be valid unless made on such register by the registered holder or his executors or administrators or his or their attorney duly appointed by an instrument in writing, in form and execution satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee may prescribe. The ownership of the Notes shall be proven by such register.

Section 2.10. The registered holder of a Note shall be deemed and regarded as the owner thereof for all purposes of this Trust Deed, and shall be entitled to the principal moneys and interest evidenced by such Notes free from all equities or rights of set-off or counterclaim between the Company and his transferor or any previous holder thereof.

Section 2.11. In case any Note issued and secured hereby shall become mutilated or be lost or destroyed, the Company shall issue and thereupon the Trustee shall, on such reasonable terms as to cost and indemnity as the Trustee may in its discretion impose, certify and deliver to the person or persons whose name or names is or are entered in the register referred to in Section 2.09 as holder or holders of such Note, a new Note of like tenor as the one mutilated, lost or destroyed, in exchange for and in place of and upon cancellation of such mutilated Note, or in lieu of and substitution for such lost or destroyed Note. In the case of a lost or destroyed Note the new Note shall

be issued by the Company and certified and delivered by the Trustee only upon the receipt of evidence of loss and the giving of indemnity by the person or persons requesting the new Note, satisfactory to the Company and the Trustee.

Section 2.12. All notices given hereunder to the Noteholders shall be deemed validly given if sent by registered mail, prepaid, addressed to such holders at their respective post office addresses appearing in the register abovementioned. Every such notice shall be deemed to have been given on the day when it is posted.

Section 2.13. The first issue of Notes to be certified and delivered hereunder shall consist of and be limited to thirty million dollars (\$30,000,000) principal amount of First Series Demand Notes (herein sometimes referred to as the "Demand Notes").

Section 2.14. The Demand Notes shall be in or substantially in the form of same set out in Schedule "C" hereof, shall be dated January 1, 1976, shall be payable on demand and shall not bear interest unless and until demand shall have been made for payment of the principal amount thereof in which event interest shall be payable at the rate of 15% per annum from the date of demand until payment together with interest on all overdue interest at the same rate computed monthly from the date of demand for payment of the principal amount until actual payment. The certificate of the Trustee to be endorsed on the Demand Notes shall be in or substantially in the form of same set forth in Schedule "C" hereof.

Section 2.15. The principal of the Demand Notes and interest thereon and all sums which may at any time become payable thereon shall be payable in lawful money of Canada at the principal branch in Montreal of the Canadian Imperial Bank of Commerce.

Section 2.16. The Demand Notes shall be issued in fully registered form in denominations of one thousand dollars (\$1,000) and such multiples thereof, if any, as the Secretary of the Company may from time to time request and the Trustee approve.

The Demand Notes shall be numbered in such manner as the Company, with the approval of the Trustee, may determine

Section 2.17. All the Demand Notes may, forthwith upon the execution hereof or from time to time thereafter, be issued by the Company and be certified by or on behalf of the Trustee, and shall be delivered by the Trustee upon receipt by the Trustee of an opinion of Counsel to the effect that this Deed has been duly executed, to or upon the written order of the Company evidenced by a written request signed by any two officers of the Company.

Section 2.18. Notes (herein referred to as "Additional Notes") in addition to the Demand Notes may be certified and issued from time to time hereunder in accordance with and subject to the provisions of Section 2.19 hereof.

Section 2.19. The Trustee shall from time to time certify and deliver to or to the order of the Company evidenced by a certified copy of a resolution enacted by the directors of the Company as hereinafter provided, Additional Notes upon receipt by it of

- (a) a certified copy of a resolution of the directors of the Company authorizing the issue of such Additional Notes, requesting the certification thereof and the principal amount applied for, specifying the person or persons to whom such Notes shall be delivered and the form or forms and the denominations of the Notes to be issued and designating the new series then to be created and specifying all the essential particulars of such series;
- (b) a certificate signed by two officers of the Company stating that the Company is not to the knowledge of the officers signing the certificate in default in respect of any of the terms or covenants of this Deed;

(c)

- (c) so long as any of the Demand Notes are outstanding, an instrument signed in one or more counterparts by the holder or holders of all the Demand Notes at the time outstanding consenting to the issue of the Additional Notes as requested in the resolution referred to in (a) above;
- (d) an opinion of Counsel that all deeds or other documents supplemental hereto, if any such deeds or documents in the opinion of such Counsel are necessary under the provisions of this Deed, containing all necessary provisions as to dates, maturities, rates of interest, forms, denominations, designations, place or places of payment, numbers, interchange and redemption or call of such Additional Notes and as to all other relevant matters, have been duly executed by the Company and that all legal requirements in respect of the proposed issue of Additional Notes have been met, and that such Additional Notes, when certified and issued, will be valid obligations of the Company and, in accordance with their terms, secured by this Deed.

Section 2.20. The Trustee, prior to the certification and delivery of any Additional Notes under any of the provisions of this Deed, shall not be bound to make any enquiry or investigation as to the correctness of the matters set forth in any of the resolutions, opinions, certificates or other documents required by the provisions hereof, but shall be entitled to accept and act upon the said resolutions, opinions, certificates and other documents.

ARTICLE III

CHARGING PROVISIONS

Section 3.01. In consideration of the premises and of One dollar (\$1) to it in hand paid by the

Trustee

Trustee (the receipt whereof is hereby acknowledged) and in pursuance of every power and authority it thereunto enabling and for the purpose of securing the payment, in lawful money of Canada, of all the Notes and interest thereon, and the payment of all other sums, if any, from time to time due hereunder to the holders of the Notes or to the Trustee or its successors, and the payment of all other moneys, if any, for the time being and from time to time owing on or charged or chargeable on the security hereof, and the performance by the Company of all its obligations hereunder, the Company hereby:

- (a) grants, bargains, sells, alienates, releases, confirms, assigns, transfers, conveys, mortgages, pledges and charges, as and by way of a first, fixed and specific mortgage, pledge and charge, to and in favour of the Trustee and its successors in the trust, as Trustee for the benefit of the holders of the Notes, the Mortgaged Property, whether now owned or hereafter acquired; and
- (b) hypothecates, mortgages, pledges and charges, as and by way of a first, fixed and specific hypothec, mortgage, pledge and charge under the laws of the United States of America and Canada other than Newfoundland for as long as the Demand Notes are outstanding, and thereafter of the Province of Quebec, to and in favour of the Trustee and its successors in the trust, as Trustee for the benefit of the holders of the Notes, for and with the payment in lawful money of Canada of the sum of Thirty million dollars (\$30,000,000) and interest thereon at the rate of fifteen percent (15%) per annum, and for and with the payment of the additional sum of Three million dollars (\$3,000,000) to secure the due payment of all other sums, if any, from time to time due hereunder to the Noteholders or to the Trustee and its successors in the trust and for the same purposes; cedes and transfers to the Trustee, and its successors in the trust, as Trustee for the benefit of the holders of the Notes, the Mortgaged Property, whether now owned or hereafter acquired.

Section 3.02. To have and to hold the Mortgaged Property and the grants, bargains, sales, alienations, releases, confirmations, assignments, transfers, conveyances, cessions, hypothecs, mortgages, pledges and charges and cessions and transfers thereof hereunder and all rights hereby conferred unto the said Trustee, its successors and assigns, but in trust nevertheless, for the equal and rateable benefit and security of all the holders of all Notes issued and to be issued hereunder, and interest thereon without any preference or priority of any of said Notes over any others thereof, by reason of priority at the time of issue or negotiation thereof, or otherwise howsoever, and subject to the conditions, provisions, covenants, and stipulations herein expressed.

Section 3.03. The grants, bargains, sales, alienations, releases, confirmations, assignments, conveyances, hypothecs, mortgages, pledges and charges and cessions and transfers hereby made and created shall be and have effect whether or not the moneys thereby secured shall be advanced before or after or at the same time as the issue of any of the Notes intended to be thereby secured, or the advance of the moneys thereby secured, or any part thereof, or before or after, or upon the date of the execution of these presents.

Section 3.04. The Company shall forthwith, and from time to time, execute and do all deeds, documents and things which in the opinion of the legal advisers of the Trustee are necessary or advisable for giving the Trustee (so far as may be possible under local laws of the places where the property is situate respectively) a valid first fixed and specific grant, bargain, sale, alienation, release, confirmation, assignment, conveyance, hypothec, mortgage, pledge and charge upon and with respect to the Mortgaged Property whether now owned or hereafter acquired, intended to be included therein and a valid cession and transfer of all of the Mortgaged Property for and to secure the payment of all principal moneys and interest for the time being and from time to time owing on the security of these presents and the Notes and all other moneys intended to be secured by these presents, and for conferring upon the Trustee such powers of sale and other powers over such property respectively as are hereby expressed to be conferred.

Notwithstanding

Notwithstanding anything herein contained, the Trustee shall not be bound to take any conveyance, assignment or transfer pursuant hereto of any property, rights or assets which, in the opinion of the Trustee, are of an onerous character, but the Trustee may require the Company to hold any such property, rights or assets upon trust for the Trustee.

Section 3.05. Until an Event of Default as defined in the Lease Agreement has occurred, the lessee under the Lease Agreement shall be permitted to use, possess and enjoy the Equipment.

Section 3.06. Until the security hereby constituted shall have become enforceable and the Trustee shall have determined or become bound to enforce the same, the Company shall have the right to receive from the Trustee, and the Trustee shall be required to pay to the Company as soon as possible after receipt thereof by the Trustee, all amounts of Rentals received by the Trustee from the lessee under the Lease Agreement concurrently with the receipt of such Rentals by the Trustee or which has become due and payable by reason of any other provision hereof and any such moneys so received by the Company from the Trustee shall be deemed to have been released from the specific charge hereof.

Section 3.07. It is hereby declared that the last day of any term reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Company, and whether falling within a general or particular description of the property herein charged, is hereby and shall be excepted out of the hypothecs, mortgages, pledges and charges hereby created and the grants, conveyances, assignments, releases, cessions and transfers hereby made and does not, and shall not, form any part of the Mortgaged Property, but the Company shall stand possessed of the residue of the term remaining in the Company of any leasehold interest for the time being demised as aforesaid, and of any right of renewal thereof, upon trust, for the Trustee, for the purposes of these presents, and to assign and dispose thereof as the Trustee shall for such purpose direct, and

upon

upon any sale or lease made under or pursuant to the powers herein contained of any leasehold interest, or any part thereof, forming part of the Mortgaged Property, the Trustee, or the Company on behalf of the Trustee, shall, for the purpose of vesting the aforesaid residue of any such term or any renewal thereof in any purchaser or purchasers thereof, be entitled by deed or writing to appoint such purchaser or purchasers or any other person or persons a new trustee or trustees of the aforesaid residue and any renewal of any such term, in the place of the Company, and to vest the same accordingly in the new trustee or trustees so appointed freed and discharged from any obligation regarding the same.

Section 3.08. Notwithstanding anything contained in this Deed and so long as there are no Demand Notes outstanding hereunder, the Company shall not be obligated to charge any property which it acquires in replacement of the Equipment or any part thereof described in Schedule B hereto pursuant to Section 6.16 of the Lease Agreement.

ARTICLE IV

POSSESSION, USE AND RELEASE OF THE MORTGAGED PROPERTY

Section 4.01. Until the security hereby constituted shall have become enforceable and the Trustee shall have determined or become bound to enforce the same pursuant to the provisions of this Trust Deed, the Company shall, subject, however, to the express terms hereof, be suffered and permitted to possess, manage and operate the Mortgaged Property to the same effect as if this Trust Deed had not been made; provided, however, that the Trustee shall receive and collect directly (and without the intervention or assistance of any fiscal agent or any intermediary) all Rentals and disburse such Rentals pursuant to the provisions of this Trust Deed.

Section 4.02. Without limiting the generality of the foregoing Section 4.01, the Company may at any time, without the consent of the Trustee, service, repair, maintain and overhaul the Equipment and replace, remove or otherwise deal with any Part (as defined in the Lease Agreement) incorporated or installed in or

attached

attached to or otherwise included as part of the Equipment as permitted under Sections 6.07 and 6.12 of the Lease Agreement, possess the Equipment as provided in Section 6.11 of the Lease Agreement and make alterations, modifications and additions to the Equipment as provided in Section 6.13 of the Lease Agreement.

Section 4.03. The Company hereby authorizes and directs the Lessee to make any and all payments due or which may hereafter become due under the Lease Agreement to the Trustee, and the Company hereby covenants and agrees that it will forthwith give and/or join with the Trustee in giving any further written notice which may be required to such Lessee promptly at the request of the Trustee.

ARTICLE V

CERTAIN COVENANTS OF THE COMPANY

The Company hereby covenants and agrees:-

Section 5.01. That it has good, right and lawful authority to grant, bargain, sell, alienate, release, convey, confirm, assign, hypothecate, mortgage, pledge and charge and to cede and transfer its rights under the Lease Agreement as provided in this Trust Deed; that such rights are free and clear of all liens, charges and encumbrances whatsoever, and that it will preserve, warrant and defend such title to the Trustee against the claims of all persons and parties whatsoever.

Section 5.02. That it will well, truly and punctually pay or cause to be paid the principal and interest to become due in respect of the Notes on the dates and at the place and in the moneys, amounts and manner provided for with respect thereto herein or therein.

Section 5.03. That it will pay or cause to be paid as and when due and payable all taxes, rates, charges, levies or assessments, ordinary or extraordinary, governmental or other charges of a like nature assessed or payable in respect of any of the Mortgaged Property and that upon its failure so to do, the Trustee may do so if necessary to prevent the impairment of the security hereby constituted, and all sums so paid

by

by the Trustee shall be repaid by the Company on demand, with interest thereon commencing on the date that notice of such payment is placed in the mail by the Trustee addressed to the Company at the rate of fifteen per cent (15%) per annum; provided that the Company shall not be in default hereunder in the payment of any such tax, rate, charge, levy or assessment which is payable by the lessee under the Lease Agreement until such lessee shall be in default under the Lease Agreement in the payment of the same; provided further that the Company shall not be in default hereunder in the payment of any such tax, rate, charge, levy or assessment if it shall be contesting the same in good faith, and shall have furnished indemnity to the Trustee for any loss or liability which may result from such contest, and it shall not be necessary in the sole judgment of the Trustee to pay such tax, rate, charge, levy or assessment to prevent a sale or foreclosure of any property or rights comprised in the Mortgaged Property.

Section 5.04. That it will register and from time to time re-register or renew the registration of this Trust Deed and all other requisite instruments without delay at every place where the registration or re-registration or renewal of registration thereof may be by law required to secure or perfect the charges hereof upon the Mortgaged Property in the United States of America and Canada other than Newfoundland for as long as the Demand Notes are outstanding, and thereafter in the Province of Quebec and that it will deliver or exhibit to the Trustee on demand certificates establishing such registration, re-registration and renewal of registration and will from time to time renew the same.

Section 5.05. That it will fully and effectually maintain and keep maintained the security hereby created as a valid and effective security at all times so long as any Notes are outstanding hereunder and that it will not, save as herein permitted and as permitted under clauses (i), (iv), (v), (vi) and (vii) of Section 6.05 of the Lease Agreement, voluntarily create or suffer to be created any hypothec, mortgage, pledge, privilege, lien or charge having priority over the security constituted by this Deed, but it shall not

be required to pay or discharge any such hypothec, mortgage, pledge, privilege, lien or charge so long as it shall in good faith and by appropriate proceedings contest the validity thereof, unless thereby, in the judgment of the Trustee, the security constituted by this Deed will be materially endangered. The Trustee may require the Company to give security to the satisfaction of the Trustee for the due payment or discharge of any such hypothec, mortgage, pledge, privilege, lien or charge in case it shall be held to be valid.

Section 5.06. That it will maintain or cause to be maintained the Equipment as provided in Section 6.07 of the Lease Agreement, and that the Trustee may, at any reasonable time, either in person or by agent, inspect the Equipment and the books and records of the Company and of the lessee under the Lease Agreement related thereto and the reasonable cost of such inspection shall be added to the debt secured by this Trust Deed.

Section 5.07. That it will on or before July 15, 1978, cause each unit to be marked and will thereafter cause to be kept and maintained on each side of each unit forming part of the Equipment in letters not less than three-eighths of an inch in height the following words: "This unit is subject to a charge in favour of National Trust Company, Limited, Montreal, Canada as trustee".

Section 5.08. That it will, so long as any of the Notes remain outstanding and unpaid, at all times do or cause to be done all things necessary or proper to preserve or keep in full force and effect its corporate existence and its rights and franchises; that it will do, observe and perform all of its obligations and all matters and things necessary or expedient to be done, observed or performed in virtue of any law of the United States of America and Canada other than Newfoundland for as long as the Demand Notes are outstanding, and thereafter of the Province of Quebec for the purpose of creating, performing or maintaining the security hereby constituted.

Section 5.09.

Section 5.09. That it will pay the Trustee reasonable remuneration for its services as Trustee under this Trust Deed and will repay to the Trustee on demand all moneys which shall have been paid out by the Trustee for premiums of insurance, repairs, renewals, taxes, maintenance, preservation, legal expenses or charges, or any other expenditures whatsoever which the Trustee may reasonably make or incur in and about the execution of the trusts created by this Trust Deed, with interest thereon at the rate of fifteen per cent (15%) per annum, from the date that notice of such expenditures is placed in the mail by the Trustee addressed to the Company; and such moneys and interest thereon, including the Trustee's remuneration, shall until paid be secured hereby and have the benefit and charge of the security hereby created upon the Mortgaged Property, in priority to the indebtedness represented by the Notes and interest thereon and other sums payable to the holders thereof, and shall be payable by the Trustee out of any funds in the possession of the Trustee.

Section 5.10. That it will give all notices, orders and directions which the Trustee may reasonably consider expedient for the trusts hereof.

Section 5.11. That if the Company shall fail to perform any of its covenants in this Trust Deed, the Trustee shall, if such failure is known to the Trustee, notify the holders of the Notes of such failure on the part of the Company, and may perform any of the said covenants capable of being performed by it, and, if any such covenant requires the payment or expenditure of money, it may make such payments or expenditures with its own funds, or with money borrowed by or advanced to it for such purpose, but shall be under no obligation so to do; and all sums so expended or advanced by the Trustee in the carrying out of the trusts of this Trust Deed shall be at once payable by the Company and shall bear interest and be secured as provided in Section 5.09 but no such performance or payment shall be deemed to relieve the Company from any default hereunder.

Section 5.12. That it will comply with government requirements as provided in Section 6.08 of the Lease Agreement.

Section 5.13.

Section 5.13. That it will service, repair, maintain and overhaul or will cause to be serviced, repaired, maintained and overhauled the Equipment and it will replace or cause to be replaced all defective, worn out or unusable Parts as provided in Section 6.07 of the Lease Agreement.

Section 5.14. That, without limiting any other provision contained in this Trust Deed, the Company hereby irrevocably appoints the Trustee the attorney-in-fact of the Company for and in the name of the Company or otherwise:-

(a) to take all action under the Lease Agreement which the Company is obligated or permitted to take and which the Trustee deems necessary or advisable for protecting the Equipment and the rights and interest of the Trustee and the holders of the Notes and the Company under the Lease Agreement and in such Equipment;

(b) to receive all Rentals subject to the provisions of Section 3.06 hereof; and

(c) to take all action which the Trustee or the holders of any Notes deem necessary or advisable for protecting the Mortgaged Property, the lien of this Trust Deed and the rights and interest of the holders of the Notes under this Trust Deed;

and the Company shall take no action which is contrary to, or in conflict with, any action taken by the Trustee under this power of attorney; but nothing in this Section shall prevent a default by the Company in complying with any provisions of this Trust Deed or the Lease Agreement from constituting an event of default.

Section 5.15. That the Lease Agreement has been duly authorized by the parties thereto, has been duly executed and delivered by their duly authorized officers and is a valid instrument legally binding upon the parties thereto and constituting a valid and subsisting lease of the Equipment; that the Company will perform

punctually

punctually all obligations, covenants and agreements by it to be performed under the Lease Agreement strictly in accordance with the terms thereof and will at all times do all things necessary to compel performance by the lessee thereunder of all obligations, covenants and agreements by it to be performed under the Lease Agreement; that, subject to the provisions of Section 5.17 hereof, it will take no action and permit no action to be taken by others which will release such lessee from its obligations or liabilities under the Lease Agreement or result in the termination, amendment or modification of the Lease Agreement (except in accordance with the provisions thereof) or impair the validity of the Lease Agreement.

Section 5.16. That, except as provided by Section 3.06 hereof, if the Company receives any money by way of Rental, the Company shall hold the same as trustee of an express trust for the benefit of the Trustee and the holders of the Notes and shall pay the same to the Trustee forthwith.

Section 5.17. That it will not, without the previous consent of the Noteholders evidenced by a Noteholders' Instrument, consent to any amendment, alteration or other change in, or to the cancellation of, the Lease Agreement.

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01. The security hereby constituted shall become enforceable, subject to the terms hereinafter contained, if and when one or more of the following events (herein sometimes called "events of default") shall occur for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), that is to say:-

(a) Default shall be made in the payment of the principal of or interest on any of the Notes when the same becomes due and payable, either by the terms thereof or otherwise and such default shall have continued for a period of ten (10) days; or

(b)

(b) The Company makes an assignment for the benefit of creditors, or files a petition in bankruptcy; or the Company is adjudicated insolvent or bankrupt, or petitions or applies to any tribunal for any receiver, trustee, liquidator or sequestrator of, or for, the Company or any substantial portion of the property of the Company; or, in connection with any insolvency or liquidation of the Company, the Company commences any proceeding relating to the Company or any substantial portion of the property of the Company under any reorganization, arrangement, or readjustment of debt, dissolution, winding up, adjustment, composition or liquidation law or statute of any jurisdiction, whether now or hereafter in effect (hereinafter in this Paragraph (b) called "Proceeding"); or if there is commenced against the Company any Proceeding and an order approving the petition is entered, or such Proceeding remains undismissed for a period of sixty (60) days; or the Company by any act indicates consent to or approval of or acquiescence in any Proceeding or the appointment of any receiver, trustee, liquidator or sequestrator of, or for, the Company or any substantial portion of the property of the Company; or

(c) Default shall be made in the due observance or performance of any covenant or condition in this Deed required to be observed or performed by the Company and any such default shall continue for a period of thirty (30) days after notice received by the Company from the Trustee specifying such default and requiring the Company to rectify such default or shall continue for such shorter period of time as would at any time, if continued, render any property of the Company liable to forfeiture; or

(d) If any event shall occur which is constituted as an Event of Default under the Lease Agreement or if the Lease Agreement is terminated for any reason whatsoever, provided however that such event of default or termination shall not constitute an Event of Default

hereunder

hereunder if the Company shall not have received Rentals sufficient to retire the principal of and interest on all the then outstanding Notes together with any other moneys secured hereby which have become due and payable and the Company shall have elected (such election to be evidenced by a written instrument from the Company delivered to the Trustee within five (5) days after such Event of Default or termination, as the case may be) to continue to make payments of principal and interest on the Notes in accordance with the provisions hereof and provided further that any amount of Rentals received as a result of such Event of Default or termination shall be applied in reduction of the then outstanding Notes.

Any notice referred to in Paragraph (c) above may be given by the Trustee on its own initiative and shall be given upon receipt by it of a Noteholders' Instrument.

ARTICLE VII

IN CASE OF DEFAULT

Section 7.01. In case the security hereby constituted shall become enforceable as herein provided, the Trustee may in its discretion and shall if it is requested to by a Noteholders' Instrument declare the principal of and interest on all Notes then outstanding together with all other moneys secured hereby to become immediately due and payable to the Trustee on demand, anything therein or herein contained to the contrary notwithstanding, and, in the event that the Rentals then in possession of the Trustee are not sufficient to pay the principal of and interest on all Notes then outstanding and all other moneys secured hereby which have become due and payable, the Company shall on such demand forthwith pay to the Trustee for the benefit of the Noteholders such other moneys as are required to pay the principal of and interest then accrued on all of the Notes then
outstanding

outstanding and all other moneys secured hereby together with interest thereon at the respective rates of interest borne by the Notes on such principal and interest and at the rate of fifteen per cent (15%) per annum on such other moneys from the date of the said demand or declaration, as the case may be, until payment is received by the Trustee, and such payment when made shall be deemed to have been made in discharge of its obligations hereunder, and any moneys so received by the Trustee together with any Rentals received by the Trustee shall be applied in the same manner as if they were the proceeds of sale of the Mortgaged Property.

Section 7.02. In the event of the Security hereunder becoming enforceable, the Noteholders shall have power with the unanimous consent of the Noteholders to require the Trustee to waive the default, and in such event the Trustee shall thereupon waive the default unconditionally or upon such terms and conditions as such Noteholders' Instrument shall prescribe, and the Noteholders shall have the power, by Noteholders' Instrument, to direct the Trustee to cancel any declaration made pursuant to the provisions of Section 7.01 hereof provided always that no act or omission either of the Trustee or of the Noteholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or the rights resulting therefrom.

Section 7.03. In case the security hereby constituted shall become enforceable as herein provided, the Trustee may in its discretion and upon receipt by it of a Noteholders' Instrument shall, by its officers, agents or attorneys, take possession of all or any part of the Mortgaged Property, with full power to carry on, manage, conduct or concur or cooperate in carrying on, managing and conducting the business operations in connection therewith, including the power to borrow moneys or advance its own moneys for the purposes of such business operations, the maintenance and preservation of the Mortgaged Property or any part thereof, the payment of taxes, wages and other charges ranking in priority to the Notes and current operating expenses incurred not more than sixty (60) days prior to such taking of possession (and moneys so borrowed or advanced shall be repaid by the Company on demand and

until

until repaid shall, with interest thereon at the rate of fifteen per cent (15%) per annum, form a charge upon the Mortgaged Property in priority to the Notes); and to receive the revenues, income, earnings, rents, issues and profits of the Mortgaged Property and to pay therefrom all the expenses, charges and advances of the Trustee in carrying on the said business operations or otherwise, and all taxes, assessments and other charges against the Mortgaged Property ranking in priority to the Notes, or payment of which may be necessary to preserve the property, and to apply the remainder of the moneys so received, first in the payment of interest due and unpaid with interest thereon at the rate borne by the Notes on which the interest is in default, and the balance (if any) shall be held and applied in the same manner as if the same arose from a sale or realization of the Mortgaged Property; provided that the Trustee shall, upon the removal or waiver of all default hereunder, restore the said property and business to the Company, and pay to it any balance of income so received after such payment of all amounts due to or properly payable to the Trustee hereunder in priority to the Notes, and in the case of any such return of property to the Company the security hereby constituted shall no longer be deemed to have become enforceable by reason of the default or defaults which theretofore existed, but the rights to arise upon a subsequent default shall not be affected thereby.

Section 7.04. In case the security hereby constituted shall have become enforceable as herein provided, and the Company shall have failed to pay the Trustee, on demand, the principal of and interest on all Notes outstanding together with any other amounts due hereunder or on the Notes, the Trustee may in its discretion either before or after such taking of possession, as aforesaid, sell and dispose of, and upon like request as set forth in the next preceding section, the said Trustee may sell and dispose of all the Mortgaged Property, either as a whole or in separate parcels at public auction or by tender at such time and on such terms and conditions as the Trustee shall appoint, having first given such notice of the time and place of such sale as it may think proper, which notice shall in any case include advertisements published at least

once

once a week for two consecutive weeks in one daily newspaper, published in the City of Montreal. In the event of no bid at the auction or by tender reaching the upset price or reserve bid the Trustee may sell by private contract without further notice. It shall be lawful for the Trustee to make such sale, either for cash or upon credit, upon such reasonable conditions, as to upset or reserve bid or price, and as to terms of payment, as it may deem proper, and to receive the price or consideration for any such sale in whole or in part in Notes secured hereunder, in such proportion, at such rate and for such amounts as is provided in Section 7.08, to rescind or vary any contract of sale that may have been entered into, and resell with or under any of the powers conferred herein, to adjourn any such sale from time to time, and to execute and deliver to the purchaser or purchasers of the Mortgaged Property, or any part thereof, good and sufficient deed or deeds for the same, the Trustee being hereby constituted the irrevocable attorney of the Company for the purpose of making such sale and executing such deeds, and any such sale made as aforesaid shall be a perpetual bar both in law and equity against the Company and its assigns and all other persons claiming the said property or any part or parcel thereof, by, from, through, or under the Company or its assigns and the proceeds of any such sale shall be distributed in the manner hereinafter provided.

The Trustee, or any one or more of the Noteholders or any agent or representative thereof, may become purchasers at any sale of the Mortgaged Property whether made under the power of sale herein contained or pursuant to foreclosure or other judicial proceedings.

Section 7.05. The Company binds and obliges itself to yield up possession of the Mortgaged Property and the conduct of its business in connection therewith to the Trustee on demand whenever the Trustee shall have a right of possession under the foregoing provisions of this Article VII and agrees to put no obstacles in the way of, but to facilitate by all legal means, the actions of the Trustee hereunder and not to interfere with the carrying out of the powers

hereby

hereby granted to it, and the Company shall forthwith by and through its officers and directors, execute such documents and transfers as may be necessary to place the Trustee in legal possession of the Mortgaged Property and business of the Company in connection therewith and thereupon all the powers and functions, rights and privileges of each and every of the Directors and officers of the Company shall cease and determine with respect to the Mortgaged Property, unless specially continued in writing by the Trustee, or unless the property shall have been restored to the Company as hereinbefore in this Article VII provided.

Section 7.06. Except as herein otherwise expressly provided, the moneys arising from any sale or realization of the whole or any part of the Mortgaged Property whether under any sale by the Trustee or by judicial process or otherwise, shall be applied, together with any other moneys then in the hands of the Trustee available for such purpose, in the first place to pay or reimburse to the Trustee the costs, charges, expenses, borrowings, advances and compensation of the Trustee in or about the execution of its trust or otherwise in relation to these presents with interest thereon as herein provided, and the residue of the said moneys shall be applied:

(a) To the payment equally and rateably of the whole amount then owing and unpaid for principal of and interest upon the Notes hereby secured, with interest on the overdue instalments of interest at the respective rates borne by the Notes, and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid, then to the payment of such principal and interest, without preference or priority of principal over interest or of interest over principal or of any instalment of interest over any other instalment of interest, rateably to the aggregate of such principal and accrued and unpaid interest; and

(b) The surplus, if any, of such moneys shall be paid to the Company or its assigns.

Section 7.07.

Section 7.07. The Trustee shall have the right at the time it makes any payment required by this Article to demand of the person claiming such payment the production of the actual Note under which it claims such payment be made, and shall cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Trustee may in its discretion dispense with such production and endorsement in any special case, upon such indemnity being given as it shall deem sufficient.

Section 7.08. Upon any sale of the Mortgaged Property or any part thereof, or pursuant to foreclosure or judicial proceedings, any purchaser may in paying purchase money turn in any of the Notes hereby secured in place of cash to the amount which would upon distribution of the net proceeds of such sale be payable thereon; and in case the amount so payable thereon shall be less than the amount due thereon, such Notes shall be returned after being properly stamped to show such partial payment.

Section 7.09. Upon any such sale of the Mortgaged Property or any part thereof, whether made under the power of sale herein contained, or pursuant to foreclosure or other judicial proceedings, the principal of all the Notes issued hereunder and then outstanding, together with any interest thereon if not previously due, or declared due, as the case may be, shall immediately become due and payable, anything in the Notes or in this Deed to the contrary notwithstanding.

Section 7.10. The Company hereby irrevocably appoints the Trustee to be the attorney of the Company for and in the name and on behalf of the Company to execute and do any deeds, documents, transfers, conveyances, assignments, assurances, consents and things which the Company ought to sign, execute and do hereunder and generally to use the name of the Company in the exercise of all or any of the powers hereby conferred on the Trustee with full powers of substitution and revocation.

Section 7.11. The Trustee shall have the right in its discretion to proceed in its name as Trustee hereunder

in

in the enforcement of the security hereby constituted by any remedy provided by law, whether by legal proceeding or otherwise but it shall not be bound to do or to take any act or action in virtue of the powers conferred on it by these presents unless and until it shall have been required so to do by a Noteholders' Instrument defining the action which it is required to take, and the Trustee may, before taking such action, require the Noteholders who have executed the Noteholders' Instrument, to deposit with the Trustee the Notes held by them for which Notes the Trustee shall issue receipts. The obligation of the Trustee to commence or continue any act, action or proceedings for the purpose of realizing upon the Mortgaged Property or for the enforcement of any covenant or obligation under or arising out of these presents or of the Notes shall, at the option of the Trustee, be conditional upon the Noteholders who have executed the Noteholders' Instrument furnishing, when required in writing by the Trustee, sufficient funds to commence or continue such action or proceedings and indemnity, reasonably satisfactory to the Trustee, to protect and hold harmless the Trustee against costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may sustain by reason thereof.

Section 7.12. The Trustee shall not be responsible or liable, otherwise than as a Trustee, for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period wherein the Trustee shall manage the Mortgaged Property upon possession, as herein provided, nor shall the Trustee be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession might be liable, and the Trustee shall not be bound to do, observe or perform or to see to the observance or performance by the Company of any of the obligations or covenants herein imposed upon the Company nor in any way to supervise or interfere with the conduct of the Company's business, unless and until the security hereby created has become enforceable and the

Trustee

Trustee shall have become bound to enforce the same and shall have been kept supplied with moneys reasonably necessary to provide for the expenses of the required action and with satisfactory indemnity as aforesaid.

Section 7.13. No person dealing with the Trustee or its agents shall be concerned to inquire whether the security hereby constituted has become enforceable, or whether the powers which the Trustee is purporting to exercise have become exercisable, or whether any money remains due or has been declared due, as the case may be, upon the security of these presents or the Notes, or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or of any other dealing by the Trustee with the Mortgaged Property or to see to the application of any money paid to the Trustee, and, in the absence of fraud on the part of such person, such dealing shall be deemed, so far as regards the safety and protection of such persons, to be within the powers hereby conferred and to be valid and effectual accordingly.

Section 7.14. No remedy herein conferred upon or reserved to the Trustee, or upon or to the holders of Notes hereby secured, is intended to be exclusive of any remedy, but each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

Section 7.15. The Company covenants and agrees to and with the Trustee that in case of any foreclosure proceedings or other proceedings to enforce the security hereby created, judgment may be rendered against it in favour of the Noteholders hereunder or in favour of the Trustee, as trustee of an express trust for the Noteholders hereunder for any amount which may remain due or has been declared due, as the case may be, in respect of the Notes, in principal, and the interest thereon, after the application to the payment thereof of the proceeds of any sale of the property covered hereby.

ARTICLE XVII

DUAL DEEDS

The Company, in conformity with the laws of the Province of Quebec in which parts of the Mortgaged Property are situated, has signed and executed or will sign and execute in Notarial form a Deed of Hypothec, Mortgage and Pledge, such Deed being substantially in the same tenor and to the same effect as this Deed of Trust and Mortgage, both the said Deeds constituting and to be read as one instrument.

IN WITNESS WHEREOF the parties hereto have executed this indenture.

MACYOUNG LEASING LTD.

by Wm H. Davis
and by R. J. Penny

NATIONAL TRUST COMPANY, LIMITED

by [Signature]
and by [Signature]

SCHEDULE "A"

COPY OF BY-LAW AND RESOLUTION

MACYOUNG LEASING LTD.

BY-LAW ELEVEN

BORROWING

The Board of Directors is hereby authorized from time to time to:-

- (a) borrow money upon the credit of the Company;
- (b) limit or increase the amount to be borrowed;
- (c) issue debentures or other securities of the Company;
- (d) pledge or sell such debentures or other securities for such sums and at such prices as may be deemed expedient;
- (e) secure any such debentures, or other securities or any other present or future borrowing or liability of the Company, by mortgage, hypothec, charge or pledge of all or any currently owned or subsequently acquired real and personal, movable and immovable, property of the Company, and the undertaking and rights of the Company; and
- (f) delegate in and by any resolution or by-law to any officers or directors all or any of the powers hereby conferred upon the directors.

And the powers of borrowing and giving security hereby authorized shall be deemed to be continuing powers and not to be exhausted by the first exercise thereof but may be exercised from time to time hereafter, until the repeal of this By-law and notice thereof has been given in writing.

I, the undersigned, Assistant-Secretary of MACYOUNG LEASING LTD., hereby certify under the corporate seal of the said Company that the foregoing is a true and exact copy of BY-LAW ELEVEN OF MACYOUNG LEASING LTD. duly enacted by the Board of Directors of the said Company on the 16th day of July, 1975, and sanctioned and confirmed by the unanimous vote of all the shareholders of the Company at a special general meeting duly held for the purpose on the same day, and that such By-law has not been amended or repealed and is still in full force and effect.

Montreal, Canada, this twenty-second day of January, 1976.

Day W Brands
Assistant-Secretary

MACYOUNG LEASING LTD.

RESOLUTION OF DIRECTORS

"On motion duly proposed and seconded, it was unanimously resolved:

WHEREAS it is expedient and in the interests of the Company that the Directors should exercise the authority conferred upon them by By-law Eleven of the Company authorizing the borrowing of money and the issue of bonds, debentures, debenture stock, notes and other securities of the Company.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED:

1. THAT the creation and issue of Notes (hereinafter sometimes referred to as the "Notes") of the Company, without limit as to principal amount, be and the same are hereby authorized, the whole on the terms and subject to the conditions set forth or provided in the draft of the Trust Deed of Hypothec, Mortgage and Pledge and Deed of Trust and Mortgage (herein called the "Trust Deed") hereinafter referred to;

2. THAT, subject to the provisions of the Trust Deed, the Notes may be issued in one or more series and each series, with the exception of the Demand Notes (hereinafter referred to as the "Demand Notes") authorized for immediate issue, concerning which special provisions are hereinafter and in the Trust Deed contained, shall consist in whole or in part of Coupon Secured Notes registrable or not as to principal only and in whole or in part of Fully Registered Notes, may contain such variations of tenor and effect as are incidental to differences of denomination and shall, in the discretion of the Directors of the Company, but subject to the provisions of the Trust Deed, bear such date or dates and mature on such date or dates, bear interest at such rate or rates, and be made redeemable before maturity in such manner and at such times, with or without payment of a premium, and be entitled to the benefit of such sinking fund or sinking funds, if any, and contain or be subject to such provision, if any, for the exchange of

Notes

Notes of different denomination, numbering, designation, place or places of payment and such other provisions as may be deemed necessary or expedient and as may be determined by resolution of the Board of Directors of the Company adopted at or prior to the time of issue thereof;

3. THAT, subject to the provisions of the Trust Deed, the Notes may be issued for such consideration or at such prices and upon such terms and conditions, not inconsistent with the provisions of the Trust Deed, as shall be determined by the Directors of the Company and at such times and in such amounts as the purpose for which they are issued may require;

4. THAT National Trust Company, Limited be and it is hereby appointed Trustee for the Noteholders;

5. THAT there be and are authorized for immediate issue subject to the provisions of the Trust Deed \$30,000,000 principal amount of Demand Notes;

6. THAT the Demand Notes shall be in or substantially in the form of same, set out in the Schedule "C" of the Trust Deed; shall be dated January 1, 1976; shall be payable on demand; shall not bear interest unless and until demand shall have been made for payment of the principal amount thereof in which event interest shall be payable at the rate of 15% per annum from the date of demand until payment, together with interest on all overdue interest at the same rate; shall be payable as to principal, interest, and all other sums in lawful money of Canada at the principal branch in Montreal of Canadian Imperial Bank of Commerce; and shall be issued in fully registered form in denominations of \$1,000 and such multiples thereof, if any, as the Secretary of the Company may from time to time request and the Trustee approves;

7. THAT, subject to the provisions of the Trust Deed, Notes of any series in any authorized denomination may be exchanged for an equal aggregate principal amount of Notes of the same series and having the same maturity date in any other authorized denomination or denominations;

8. THAT the draft of the Trust Deed drawn to secure the Notes and to secure the interest thereon and other moneys as in the said draft mentioned, and containing a statement of the terms and conditions upon which the Notes are to be issued and secured and hypothecating, mortgaging, pledging, charging, ceding and transferring in the manner and to the extent therein set forth to the Trustee by way of a first, fixed and specific hypothec, mortgage, pledge and charge on the Mortgaged Property described in Schedule "B" to the Trust Deed whether now owned or hereafter acquired, (the stated amount of such security being fixed at \$33,000,000 in the charging provisions) and also containing provisions with respect to defaults, remedies in case of default and releases, which draft deed has been submitted to and examined by this meeting, be and the same is hereby approved; and that a deed in or substantially in the same form and terms as the said draft with such amendments and variations as the President or a Vice-President or the Secretary of the Company may deem expedient and all other deeds supplemental thereto or necessary to give effect thereto be executed for and in the name and on behalf of the Company by the President or a Vice-President or the Secretary or any other officer or director of the Company and the Company's seal thereto affixed; and that the approval by the President or a Vice-President or the Secretary or any other officer or director of any amendment or variation in the aforesaid draft shall be conclusively evidenced by his signature to the Trust Deed;

9. THAT any two officers or directors acting together or any officer acting with any director of the Company are hereby authorized to sign or countersign, as the case may be, in accordance with the provisions of Section 2.04 of the Trust Deed, all Notes to be issued pursuant to the foregoing, to affix the corporate seal of the Company thereto and to deliver the same to the Trustee for certification, and to sign, in accordance with the provisions of Section 2.06 of the Trust Deed, the request to the Trustee for such certification of the Notes and for the delivery thereof in accordance with the directions of the officers or directors signing such request; and

10. THAT any two officers or directors acting together or any officer acting with any director of the Company be and they are hereby authorized and directed for and on behalf and in the name of the Company to execute and deliver all such deeds, documents, instruments and writings, and perform and do all such acts and things as they in their discretion may consider to be necessary, desirable or useful for the purpose of giving effect to this Resolution and to the issue of said Notes in accordance with the terms hereof.

I, the undersigned, Assistant-Secretary of MACYOUNG LEASING LTD., hereby certify that the foregoing is a true and correct copy of a resolution adopted at a meeting of the Board of Directors of the said Company duly called and held on the thirty-first day of December, 1975, and that such resolution has not been amended or repealed and is still in full force and effect.

MONTREAL, CANADA, this ~~twenty-second day of January,~~
1976. 13 Feb.

Dayle Brando

SCHEDULE "B"

DESCRIPTION OF MORTGAGED PROPERTY

(1) Equipment

Bulkhead Flat Cars

Bulkhead Flat Cars built by National Steel Car Corporation Limited

Specifications

Equipped with 100-ton underframes and 70-ton trucks, 66'8" between bulkheads, in accordance with CN Specification F-40-14 dated April 1974, General Arrangement Drawing 9H-39341-A and CN Specification SS-1974. AAR Class FB.

<u>No. of Units</u>	<u>Unit Numbers</u>
500	CN620000 to 620499 incl.

Bi-Level Flat Cars

Bi-Level Flat Cars built by National Steel Car Corporation Limited

Specifications

70-ton bi-level auto rack cars in accordance with CN Specification F-150-1 dated May 1971 and Addendum No. 2 dated July 1974, General Arrangement Drawing 8H-37477-B and CN Specification SS-1974. AAR Class FA.

<u>No. of Units</u>	<u>Unit Numbers</u>
63	CN710430, 710438 to 710499 incl.

Flat Cars

Flat Cars built by Hawker Siddeley Canada Limited.

Specifications

100-ton 89'4" flat cars in accordance with CN

Specification

Specification F-40-15 dated May 1974, General Arrangement Drawing 9H-39372-A and CN Specification SS-1974. AAR Class FM.

<u>No. of Units</u>	<u>Unit Numbers</u>
64	CN668088; 668139; 668159; 668164; 669165; 668166; 668170 to 668199; 668216; 668217; 668219 to 668222; 668235; 668240; 668246; 668257; 668260; 668263; 668277; 668285; 668286 to 668299 incl.
100	CN668300 to 668399 incl.

Flat Cars

Flat Cars built by Hawker Siddeley Canada Limited.

Specifications

100-ton 89'4" flat cars with Retractable Container Pedestals in accordance with CN Specification F-40-15 dated May 1974, General Arrangement Drawing 9H-39372-A and CN Specification SS-1974. AAR Class FM.

<u>No. of Units</u>	<u>Unit Numbers</u>
30	CN639970 to 639999 incl.

(2) Lease Agreement

All the rights of the Company as Lessor (including without limitation the right to receive all Rentals under a Lease Agreement dated as of December 31, 1975 between Canadian National Railway Company as Lessee and

the

the Company as Lessor pursuant to which the equipment referred to in paragraph (1) above has been leased to Canadian National Railway Company until July 14, 1976, subject to the terms and conditions of the Lease Agreement, as the same may be amended or supplemented from time to time and as the term of same may be extended to July 14, 1991 pursuant to the Extension Agreement therein referred to.

SCHEDULE "C"

SCHEDULE "C"

FORM OF FIRST SERIES DEMAND NOTE

FIRST SERIES DEMAND NOTE

No.

\$

MACYOUNG LEASING LTD.

NOTE

DUE ON DEMAND

FOR VALUE RECEIVED, MACYOUNG LEASING LTD.

(hereinafter called the "Company") acknowledges itself indebted and hereby promises to pay to the registered holder hereof on demand, on presentation and surrender of this Note, the principal sum of Dollars (\$)) in lawful money of Canada at the principal office of Canadian Imperial Bank of Commerce at Montreal, Quebec, and to pay interest on the principal amount hereof from the date of demand, until payment, at the rate of 15% per annum, compounded monthly, in like money at the said place on demand.

This Note is issued under and entitled to the benefits of a Trust Deed of hypothec, mortgage and pledge and Deed of Trust and Mortgage, both bearing date of December 31, 1975, and both made between the Company and National Trust Company, Limited, as trustee (herein collectively called the "Trust Deed"). Reference is hereby expressly made to the Trust Deed and all

instruments supplemental thereto or in implement thereof for a description of the terms and conditions upon which the Note is issued, secured and held, the nature and extent of the security and the rights and remedies of the holder of the Note and of the Company and of the Trustee in respect thereof, all to the same effect as if the provisions of the Trust Deed and such other instruments were herein set forth, to all of which provisions the holder of this Note by acceptance hereof assents.

Notes (of which this is one) in the aggregate principal amount of \$30,000,000 and designated as "First Series Demand Notes" have been authorized for immediate issue upon the terms and subject to the restrictions set forth in the Trust Deed.

No transfer of this Note shall be valid unless made on the register to be kept at the principal office of the Trustee in the City of Montreal, Canada, by the registered holder hereof or its successors or assigns or its or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Trustee and upon compliance with

such

such reasonable requirements as the Trustee and/or other registrar may prescribe and unless such transfer shall have been duly noted hereon by the Trustee or other registrar. The person in whose name this Note shall be registered shall be deemed the owner hereof for all purposes of the Trust Deed and payment of or on account of the principal of or interest on this Note shall be made only to or upon the order in writing of such registered holder.

This Note shall not become obligatory for any purpose until certified by the Trustee for the time being under the Trust Deed.

IN WITNESS WHEREOF MACYOUNG LEASING LTD. has caused this Note to be sealed with its corporate seal and to be signed manually by its President

or

or Vice-President and its Secretary or Treasurer as of
the First day of January, 1976.

MACYOUNG LEASING LTD.

By _____

c/s

TRUSTEE'S CERTIFICATE

This Note is one of the Notes referred
to in the Trust Deed within mentioned.

NATIONAL TRUST COMPANY, LIMITED
Trustee

By _____
Authorized Officer

FORM OF REGISTRATION
(No writing hereon except by Registrar)

DATE OF REGISTRY	IN WHOSE NAME REGISTERED	PLACE OF REGISTRY	SIGNATURE OF REGISTRAR
---------------------	-----------------------------	----------------------	---------------------------

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

TO WIT:

I, MARK F. HARRIS, of the Municipality of Metropolitan Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the President of Macyoung Leasing Ltd., the Mortgagor or Assignor named in the annexed Trust Deed bearing formal date of December 31, 1975 and made and entered into between the said Macyoung Leasing Ltd. and National Trust Company, Limited, and I am aware of the circumstances connected with the transaction and have a personal knowledge of the facts herein deposed to.

2. The said Trust Deed was actually executed by the said Mortgagor or Assignor at the City of Montreal, in the Province of Quebec on the 22nd day of January, 1976.

SWORN before me at the City of Montreal, in the Province of Quebec, this 22nd day of January, 1976.

Mark F Harris

W. A. L. L. L.

A Notary Public in and for
the Province of Quebec.

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

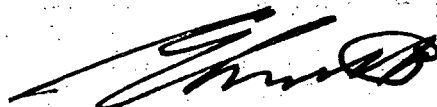
TO WIT:

I, R. EMERSON SMITH, of the City of Montreal,
in the Province of Quebec, MAKE OATH AND SAY:

1. I am a trust officer of National Trust Company, Limited, the Trustee named in the annexed Trust Deed bearing formal date of December 31, 1975 and made between Macyoung Leasing Ltd. and National Trust Company, Limited, and I am aware of the circumstances connected with the transaction and have a personal knowledge of the facts herein deposed to.

2. The said Trust Deed was executed in good faith and for the purpose of securing payment of the Notes referred to therein and not for the mere purpose of protecting the Equipment therein mentioned against the creditors of the Mortgagor or Assignor or preventing such creditors from obtaining payment of any claim against the Mortgagor or Assignor.

SWORN before me at the City of
Montreal, in the Province of
Quebec, this 22nd day of January,
1976.



A Notary Public in and for
the Province of Quebec.

CANADA
PROVINCE OF QUEBEC

TO WIT:

I, DAYLE BRANDS, of the City of St. Laurent in the Province of Quebec, MAKE OATH AND SAY:

1. That I am Assistant-Secretary of Macyoung Leasing Ltd., one of the parties to the Deed of Trust and Mortgage bearing formal date of December 31st, 1975, hereto annexed.

2. That Mark F. Harris, whose signature is affixed to the annexed document is the President of the said Company, and W. John Bennett whose signature is also affixed thereto is the Vice-President of the said Company, and the seal affixed thereto is the corporate seal of the said Company.

3. That under the By-laws of the said Company, and a Resolution adopted by its Board of Directors on the 31st day of December, 1975 the said Mark F. Harris and W. John Bennett, were empowered to execute, on behalf of the Company, the annexed document.

4. That I am well acquainted with the said Mark F. Harris and W. John Bennett and saw them execute the said document, and I am a subscribing witness thereto.

5. That the said Deed of Trust and Mortgage was executed by the said Macyoung Leasing Ltd. at the City of Montreal, in the Province of Quebec, on the 22nd day of January, 1976.

6. That I am aware of the circumstances connected with the transaction, and with the said Deed of Trust and Mortgage, and have a personal knowledge of the facts herein deposed to.

SWORN before me at the City of Montreal, in the Province of Quebec, this 22nd day of January, 1976.

Marie Gauthier
A Notary Public in and for
the Province of Quebec

*Dayle
Brands*

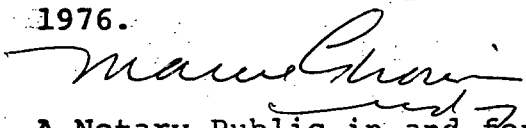
CANADA
PROVINCE OF QUEBEC

TO WIT:

I, F. A. H. MOORE, of the City of Montreal,
in the Province of Quebec, trust company officer,
MAKE OATH AND SAY:

1. That I am a trust officer of National Trust Company, Limited, one the parties to the Deed of Trust and Mortgage bearing formal date of December 31, 1975, hereto annexed.
2. That the said Deed of Trust and Mortgage was executed by the said National Trust Company, Limited, at the City of Montreal, in the Province of Quebec on the 22nd day of January, 1976.
3. That D. G. HARTFIELD, whose signature is affixed to the annexed document, is a trust officer of the said Company, and R. EMERSON SMITH, whose signature is also affixed thereto, is also a trust officer of the said Company, and the seal affixed thereto is the corporate seal of the said Company.
4. That under the terms of a Resolution duly adopted by its Board of Directors on the 2nd day of *July*, 1975, the said D. G. HARTFIELD and R. EMERSON SMITH are empowered to execute on behalf of the said Company all deeds and other instruments requiring the seal of the said Company.
5. That I am well acquainted with the said D. G. HARTFIELD and R. EMERSON SMITH and saw them execute the said document, and I am a subscribing witness thereto.

SWORN before me at the City of
Montreal, in the Province of
Quebec this 22nd day of January,
1976.

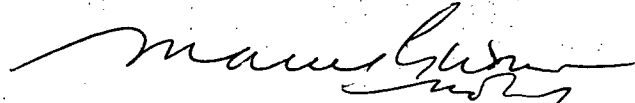

A Notary Public in and for
the Province of Quebec.

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

ACKNOWLEDGEMENT OF OFFICER OF A CORPORATION

I hereby certify that on this 22nd day of January, 1976, at the City of Montreal, in the Province of Quebec, aforesaid, before me, a Notary Public in and for the Province of Quebec, practising in the said City of Montreal, personally came and appeared R. Emerson Smith and D. G. HARTFIELD who are personally know to me, and acknowledged that they are trust officers of National Trust Company, Limited and that they are the persons who subscribed their names to the annexed instrument as trust officers of said National Trust Company, Limited and affixed the seal of said National Trust Company, Limited, to the said instrument, and that they were first duly authorized to subscribe their names as aforesaid, and affix the seal to the said instrument.

IN TESTIMONY WHEREOF I have hereunto set my hand and affixed my seal this 22nd day of January, in the year of Our Lord One thousand nine hundred and seventy-six.



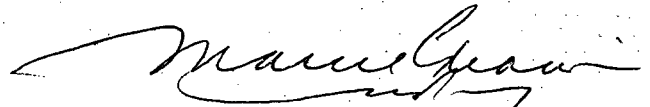
A Notary Public in and for
the Province of Quebec.

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

ACKNOWLEDGEMENT OF OFFICER OF A CORPORATION

I hereby certify that on this 22nd day of January, 1976, at the City of Montreal, in the Province of Quebec, aforesaid, before me, a Notary Public in and for the Province of Quebec, practising in the said City of Montreal, personally came and appeared Mark F. Harris and W. John Bennett who are personally known to me, and acknowledged that they are officers of Macyoung Leasing Ltd. and that they are the persons who subscribed their names to the annexed instrument as officers of the said Macyoung Leasing Ltd. and affixed the seal of the said Macyoung Leasing Ltd. to the said instrument, that they were first duly authorized to subscribe their names as aforesaid and to affix the said seal to the said instrument.

IN TESTIMONY WHEREOF I have hereunto set my hand and seal of office this 22nd day of January, in the year of Our Lord One thousand nine hundred and seventy-six.



A Notary Public in and for
the Province of Quebec.